

Message Text

SECRET

PAGE 01 LA PAZ 02256 01 OF 02 312159Z

63

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05

EB-07 OMB-01 ACDA-05 AGR-05 COME-00 OPIC-03 PC-01

TRSE-00 MC-02 EA-06 HEW-02 IGA-01 /093 W

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R 312055Z MAR 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6164

S E C R E T SECTION 1 OF 2 LA PAZ 2256/1

E.O. 11652: GDS

TAGS: PFOR, MASS, BL

SUBJ: AMBASSADOR'S ASSESSMENT OF MILITARY
ASSISTANCE PROGRAM FOR BOLIVIA

REF STATE 015489 AND 033070

1. THE PARAMOUNT CURRENT NEED FOR US SECURITY ASSISTANCE
IN BOLIVIA IS TO MEET FULLY AND PROMPTLY OUR LONG-STANDING
COMMITMENT TO EQUIP FIVE TIPO REGIMENTS THROUGH MAP-M
GRANTS. WHEN THIS IS COMPLETED THE BOLIVIAN MILITARY WILL
HAVE ADEQUATE CAPACITY TO MAINTAIN INTERNAL SECURITY.

2. US SECURITY ASSISTANCE WILL CONTINUE TO BE NEEDED TO
FOSTER FAVORABLE ATTITUDES TOWARDS THE UNITED STATES
AND ITS POLICIES AND, IN THAT CONNECTION, TO MEET THIRD-
COUNTRY SALES AND CREDIT COMPETITION. THIS NEED CAN BEST
BE MET BY MAP-T, FMS CREDIT, AND CASH SALES. THEY WOULD
CONTRIBUTE TO A MODEST PROGRAM TO MODERNIZE THE DEFENSIVE
CAPABILITIES OF THE BOLIVIAN ARMED FORCES.

3. OTHER US AND INTERNATIONAL ECONOMIC ASSISTANCE TO
BOLIVIA IS AT A SUFFICIENTLY HIGH LEVEL AND THE ECONOMY
AND BALANCE OF PAYMENTS ARE SUFFICIENTLY STRONG THAT MAP-M

SECRET

SECRET

PAGE 02 LA PAZ 02256 01 OF 02 312159Z

CAN BE ELIMINATED ONCE OUR TIPO COMMITMENT IS MET.

ECONOMIC ASSISTANCE DISBURSEMENTS FROM ALL SOURCES ARE NOW RUNNING AT ABOUT US \$100 MILLION PER YEAR AND ARE EXPECTED TO CONTINUE AT THAT RATE OR BETTER AT LEAST OVER THE NEXT FEW YEARS.

4. BOLIVIA HAS MADE CASH AND CREDIT PURCHASES OF MILITARY EQUIPMENT. EXAMPLES ARE THE PURCHASE OF FOUR FRENCH LAMA HELICOPTERS, 13 CANADIAN T-33S, JAPANESE TOYOTA JEEPS, US BAILEY BRIDGES, US COMMUNICATIONS AND ENGINEERING EQUIPMENT AND US MINITIONS. THE COUNTRY NOW PRODUCES ITS OWN UNIFORMS, BOOTS, ETC. THE "KNOWN" MILITARY BUDGET IS SET AT 19.5 PERCENT OF TOTAL BUDGET EXPENDITURES FOR 1975 UP FROM 16.5 PERCENT BUDGETED AND 16.9 PERCENT IN ACTUAL EXPENDITURES IN 1974. THE 1975 INCREASE OVER 1974 IS ABOUT 54 PERCENT IN NOMINAL TERMS AND ABOUT 16 PERCENT IN ESTIMATED REAL TERMS. BUDGETARY ALLOCATIONS TO KEY DEVELOPMENT MINISTRIES, SUCH AS AGRICULTURE, EDUCATION AND PUBLIC HEALTH ALSO INCREASED.

5. WHILE THE ECONOMIC SITUATION IN BOLIVIA IS ON AN IMPROVING TREND LINE, 1975 AND 1976 PROBABLY WILL SEE BALANCE OF PAYMENTS DEFICITS THAT WILL NOT BE LARGE ENOUGH TO BE UNSETTLING, BUT WHICH WILL REQUIRE CAREFUL RESOURCE MANAGEMENT. THE CENTRAL GOVERNMENT BUDGET MAY BE IN DEFICIT IN THESE YEARS UNLESS THE BOLIVIAN GOVERNMENT TAKES SOME ADDITIONAL MEASURES TO IMPROVE ITS COLLECTIONS AND REDUCE LOW PRIORITY EXPENDITURES. THE PROSPECTS ARE MIXED, BUT I NOTE THE GOB HAS DONE WELL IN THE LAST TWO YEARS IN MAINTAINING PRUDENT EXPENDITURE POLICIES.

6. THIS SITUATION CALLS FOR THE CAREFUL US OF FMS CREDIT TO MEET PRIORITY REQUIREMENTS AND, IN SOME CASES PERHAPS, THIRD-COUNTRY COMPETITION.

7. THUS, I AM IN FULL AGREEMENT WITH THE INTENTIONS EXPRESSED IN STATE 015489 (SECURITY ASSISTANCE OBJECTIVES AND GUIDELINES FY 1977-81) TO MOVE AS RAPIDLY AS POSSIBLE TOWARDS GREATER EMPHASIS ON USE OF COMMERCIAL CHANNELS AND ON FOREIGN MILITARY SALES, BOTH CASH AND CREDIT.

SECRET

SECRET

PAGE 03 LA PAZ 02256 01 OF 02 312159Z

8. I NOTE THAT THE LA PAZ MILITARY GROUP'S POM SUBMISSION PROVIDES FOR A GRADUAL REDUCTION OF MAP-M AS FOLLOWS:

(IN MILLIONS OF DOLLARS)

FY 1976	2.9
FY 1977	2.3
FY 1978	1.9
FY 1979	1.8
1980	1.6

FY 1981 ----

9. I UNDERSTAND THAT ABOUT 3.2 MILLION IN 1974 DOLLARS ARE NEEDED TO COMPLETE THE FUNDING OF THE BASIC MILITARY ORGANIZATION OF THE FIVE TIPO REGIMENTS. WE HAVE BEEN SLOW IN EQUIPPING THESE REGIMENTS AND THE BOLIVIAN GOVERNMENT FREQUENTLY HAS EXPRESSED CONCERN OVER THE DEALY. I STRONGLY URGE THAT THE FUNDING PORTION OF THIS COMMITMENT BE FULLY MET IN FY 1976 IF POSSIBLE AND BY FY 1977 AT THE LATEST. SUBSEQUENT MAP-M PROVIDED FOR IN THE POM IS ESSENTIALLY FOR SUPPORT EQUIPMENT FOR THE TIPOS, IS NOT A WELL DIFINES COMMIEMENT TO THE GOB, IS THEREFORE LESS URGENT, BUT IS A NECESSARY COMPONENT. I BELIEVE TAHT THE GRANT OF FOUR OV-10 S AS PROVIDED FOR IN THESE FIGURES, WILL NOT BE JUSTIFIED IF THE BOLIVIAN GOVERNMENT DECIDES TO BUY FOR CASH OR ON CREDIT THE 18 "PUCARA" GROUND SUPPORT AIRCRAFT FROM ARGENTINA NOW UNDER CONSIDERATION.

10. AS GRANT ASSISTANCE DECLINES, HOWEVER, FMS CREDIT AVAILABILITY SHOULD INCREASE. GUIDANCE PROVIDED TO THE MILITARY GROUP IN SECDEF 3899 OF FEB 5, 1975 SETS FMS CREDIT LEVELS THAT ARE IMPOSSIBLY LOW.

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PAGE 01 LA PAZ 02256 02 OF 02 312204Z

63

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R 312055Z MAR 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6165

S E C R E T SECTION 2 OF 2 LA PAZ 2256

I STRONGLY SUPPORT LEVELS PROPOSED IN THE CURRENT POM WHICH ARE AS FOLLOWS:

(IN MILLIONS OF DOLLARS)

FY 1976	6.0
FY 1977	12.1
FY 1978	11.7
FY 1979	11.3
FY 1980	10.5
FY 1981	11.2

11. I NOTE, HOWEVER, THAT THESE PROPOSED LEVELS ARE BASED LARGELY ON ITEMS CONTAINED IN THE BOLIVIAN MILITARY FIVE-YEAR PLAN, INCLUDING M-48 TANKS OR POSSIBLE SUBSTITUTES SUCH AS V-150S, F-5 AIRCRAFT, ETC. IN VIEW OF CURRENT EFFORTS, STRONGLY ENDORSED BY ASSISTANT SECRETARY OF STATE ROGERS, TO CONTROL THE LEVEL OF OFFENSIVE WEAPONS, THE OBVIOUS NEED TO CONTRIBUTE TO PEACE IN THE AREA BY BUILDING A DEFENSIVE BOLIVIAN CAPACITY BUT NOT AN OFFENSIVE ONE AND THE DESIRABILITY OF LIMITING AS MUCH AS POSSIBLE BOLIVIAN EXPENDITURES ON ARMS AND ENCOURAGING EXPENDITURES ON ITEMS USEFUL FOR DEVELOPMENT, WE WILL CONTINUE OUR EFFORTS TO CONVINCE THE BOLIVIAN MILITARY THAT THEY SHOULD MAKE REASONABLE PURCHASES, FOR EXAMPLE, ANTI-TANK WEAPONS, RATHER THAN TANKS. HOWEVER, A MODEST NUMBER OF M-48 S AND V-150S IN THE SECRET

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PAGE 02 LA PAZ 02256 02 OF 02 312204Z

CONTEXT OF THE TERRAIN WHERE THEY MIGHT BE EMPLOYED WOULD NOT BE A SIGNIFICANT OFFENSIVE FORCE IN PURELY MILITARY TERMS. I BELIEVE A LARGER QUANTITY MIGHT NOT BE DESIRABLE. NEVERTHELESS, SHOULD EFFORTS TO CONVINCE THE GOB TO LIMIT ITS OFFENSIVE ARMAMENT FAIL AND SHOULD THE BOLIVIAN GOVERNMENT INSIST ON ACQUIRING THE LARGER NUMBER OF TANKS, I WOULD BE PREPARED TO RECOMMEND OUR USE OF FMS CREDITS FOR THAT PURPOSE.

12. ANOTHER CONSIDERATION TO BE BORNED IN MIND IS THAT WE WILL NEED TO HAVE PRES BANZER'S FINAL DECISION AS TO HOW FUTURE FMS WOULD BE EMPLOYED.

13. I BELIEVE OUR OWN PRIORITIES AND OUR EFFORTS TO GUIDE BOLIVIAN MILITARY PURCHASES SHOULD BE ADDRESSED TO INCREASING THE COUNTRY'S AIRLIFT CAPACITY, ESPECIALLY C-130,S (WHICH ARE ALSO HIGH ON PRES BANZER'S LIST OF PRIORITIES), RIVER CRAFT, HOSPITAL EQUIPMENT AND COMMUNICATIONS EQUIPMENT.
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